

To: Chief Elected Officials
Steering committee

From: Craig E. Hartzer
Commissioner

Date: May 28, 1999

Subj: DWD Communication 98-66
Deobligation/Reallocation Policy

RE: Workforce Investment Act (WIA)

Purpose

Provide a policy on deobligation and reallocation of excess unobligated Youth, Adult and Dislocated Workers funds consistent with the Workforce Investment Act.

Rescission

DETS Communication 92-240 is effective for JTPA Titles IIB and IIC Youth programs only through March 31, 2000 - it is rescinded for all other funding.

Content

Like the Job Training Partnership Act (JTPA), WIA has procedures for the reallocation of funds. Those procedures include reallocation at both the national and the state level, and are meant to help ensure effective use of available funding for the youth, adult and dislocated worker programs. Nationally, the first reallocation of funds among States will occur during PY 2001 based on obligations in PY 2000.

For all three programs (youth, adult and dislocated worker), reallocation is based on obligations. The definition of obligation is "the amounts of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during the funding period that will require payment by the recipient or subrecipient during the same or a future period". (Revised close-outs after the due date will be accepted for accounting purposes but not for deobligation/reallocation purposes).

Page two

Reallotment among States

The reallotment procedures used by the Secretary of Labor to redistribute funds among the States is described in 667.150 of the interim regulations and 132(c) and 127(c) of the Act. If Indiana funds are subject to recapture by DOL, DWD will reduce all local area and State funds proportionately according to the extent to which each local area and the State contributed to the under-obligation. To avoid the requirement that funds be made available for reallotment, DWD may require deobligation at any time during the program year if a potential under-expenditure problem is identified.

Reallotment within State

Within Indiana, DWD may reallocate youth, adult and dislocated worker funds among local areas in accordance with 667.160 of the interim regulations and 128(c) and 133(c) of the Act. Additionally, Indiana policy is that to qualify for receiving funds, a local area must maintain auditable records, with the most recent financial audit completed without significant issues, have stayed within administrative cost limitations the previous program year, and have no major uncorrected monitoring findings for compliance issues.

Local areas may also voluntarily deobligate funds from any program at any time, but are asked to keep in mind the timeframes necessary for funds to be reallocated and expended by receiving areas. Such funds would be reallocated following the above procedures. Local areas will be given an opportunity to justify retaining funds by documenting obligations on behalf of current participants and showing enrollment trends that could reasonably be expected to require increasing expenditures.

Effective Date

July 1, 1999

Ending Date

June 30, 2004

Action

None